

**REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA**

**THE DEPARTMENT OF HEALTH SERVICES'
INFORMATION ON DRUG TREATMENT
AUTHORIZATION REQUESTS**



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July 22, 1992

P-213

Honorable Robert J. Campbell, Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 2163
Sacramento, California 95814

Dear Mr. Chairman and Members:

Summary The Office of the Auditor General presents its fourth in a series of semiannual reports concerning the way the Department of Health Services (department) processes reimbursement requests for certain prescribed drugs under the California Medical Assistance Program (Medi-Cal). These requests are known as drug treatment authorization requests (TARs).

In response to Chapter 457, Statutes of 1990, the department gave us statistical information, compiled each month, concerning the number of TARs received and processed from June 1990 through May 1992. (For our previous reports, issued in January and July 1991 and February 1992, we reviewed the statistics for June 1990 through November 1991.) For this review, we analyzed the information and reviewed the department's process for counting and compiling the data on drug TARs.

The department received approximately 91,000 drug TARs during the six months from December 1991 through May 1992. This represents an increase of more than 12,500 (16 percent) drug TARs since our first review, which covered June 1990 through November 1990. The increase in the number of drug TARs

received, as stated in our last report, may have occurred partly because of the addition of more than 940,000 (25.6 percent) Medi-Cal beneficiaries eligible to obtain drugs through Medi-Cal.

In addition, during the last six months of our review, the department's Medi-Cal drug units processed approximately 10,400 (13 percent) more drug TARs than they did from June 1990 through November 1990. At the same time, the department's monthly backlog of drug TARs received by mail increased to approximately 8,900 by the end of May 1992. In comparison, at the end of November 1990, the department's backlog of unprocessed drug TARs was approximately 2,300 and, at the end of November 1991, approximately 5,500. Beginning in April 1992, the Stockton drug unit, as opposed to the Los Angeles and San Francisco drug units, became primarily responsible for receiving and processing all mail-in drug TARs. Moreover, the Stockton drug unit reported that its average time for processing mailed drug TARs exceeded the 5 working days state law requires. More specifically, the Stockton drug unit reported that, in May 1992, it took an average of 25 days to process mailed-in drug TARs, an increase over the average of 15 days reported in November 1991. Drug TARs received by mail generally cover drug TAR renewals or retroactive approvals of prescribed drugs.

Further, the department recently closed its San Francisco drug unit. This closure reduced the number of personnel available to process drug TARs and transferred the drug unit's primary responsibilities to the two remaining field offices.

Additionally, there continues to be a disagreement between the Federal Department of Health and Human Services' Health Care Financing Administration and the department about the processing time required for drug TARs.

Moreover, in response to Section 14105.42 of the Welfare and Institutions Code, the department provided us with copies of fair hearing requests beneficiaries made to the Department of Social Services to appeal denied drug TARs. Finally, the department reported that it did not receive any complaints about its processing of drug TARs from June 1991 through May 1992.

Background

Authorized in 1965 under Title XIX of the Social Security Act, Medi-Cal provides a wide array of health care services including payment for prescription drugs to public assistance recipients and low-income individuals and families. Under the provisions of Title 22 of the California Code of Regulations, the department administers Medi-Cal; the state and federal governments jointly fund it.

Under Medi-Cal, beneficiaries may receive prescription drugs from a list the department has established. This list is known as the Medi-Cal list of contract drugs and, according to the chief of the department's field services branch, includes drugs from most therapeutic categories. Therapeutic categories are classifications of drugs addressing specific medical problems. For example, the contract drugs are classified into such therapeutic categories as antibiotics, cardiac drugs, and gastrointestinal drugs. According to the chief of the field services branch, when a doctor prescribes a drug not on the list of contract drugs, the provider, generally a pharmacist, must receive authorization to seek reimbursement for the cost of the drug. The provider's request for authorization is known as the treatment authorization request (TAR).

Originally the department had three Medi-Cal drug units to process drug TARs. However, the San Francisco drug unit closed on March 31, 1992. The remaining two offices, located in Los Angeles and Stockton, now handle all drug TARs for the State. Drug TARs can be submitted in three different ways: by FAX, by voice drug TAR system (VDTs), or by mail. The VDTs is an automated system allowing providers to use their telephone to dictate and record requests for drug TARs by using voice-activated prompts. Additionally, the VDTs allows providers to inquire into the status of any previously entered drug TAR. Before November 1, 1991, providers were also able to submit drug TARs by talking directly with drug unit staff on the telephone.

Drug TARs submitted by FAX and VDTs are restricted to initial supplies of prescribed drugs and urgently needed drugs while drug TARs submitted by mail generally cover renewals or retroactive approvals of prescribed drugs. In both renewals and retroactive approvals, the beneficiary, or patient, may have already received the drug.

Until the closure of the San Francisco drug unit, most of the drug TARs submitted through VDTS were processed at the Stockton drug unit while drug TARs submitted through FAX or mail were processed at all three of the drug units. Because of the closure of the San Francisco drug unit, most of the drug TARs submitted through VDTS are now processed at the Los Angeles drug unit while most of the drug TARs submitted through the mail are processed at the Stockton drug unit. In addition, the Los Angeles drug unit receives and processes drug TARs submitted through FAX by providers in Southern California counties while the Stockton drug unit receives and processes drug TARs submitted through FAX by providers in Northern California counties.

According to the chief of the field services branch, the staffing patterns at each of the drug units was the primary determinant in the transfer of responsibilities to the two remaining drug units. Drug TARs submitted through VDTS are time critical and require 24-hour processing. They also require transcription. That is, medical transcribers must retrieve and type the information onto a TAR form before the TAR form is sent to the pharmaceutical consultants for further review. Because the Los Angeles drug unit has three more medical transcribers than does the Stockton drug unit, primary VDTS responsibilities were transferred to the Los Angeles drug unit.

The chief of the field services branch also provided us with the following description of the drug TAR process. Drug TARs received by FAX or mail are first reviewed by medical transcribers for completeness. The drug TARs are then forwarded to pharmaceutical consultants, who are licensed pharmacists. The consultants process a drug TAR by either approving it, denying it, approving it with modifications, or requesting further information from the provider. After a decision is made on a drug TAR, the medical transcriber returns the TAR to the provider via the same method through which it was received.

Drug TAR information received by VDTS is retrieved by medical transcribers. The medical transcribers type the information onto a TAR form and forward the form to the pharmaceutical

consultants. The pharmaceutical consultants process the drug TAR by either approving it, denying it, approving it with modifications, or requesting further information from the provider. The decision is recorded on the VDTS, and the provider can determine the status of the request by calling the system. An office assistant also returns a copy of the TAR to the provider by mail.

Scope and Methodology

Chapter 457, Statutes of 1990, requires the Office of the Auditor General to prepare an analysis and summary of the department's data on drug TARs. Further, this legislation mandates that the Office of the Auditor General submit a report on this data to the Legislature beginning February 1, 1991, and every six months thereafter until January 1993.

To fulfill these requirements, we obtained statistical data from the department regarding drug TARs received by telephone, VDTS, FAX, and mail. We also obtained data on the number of drug TARs approved, modified, denied, and returned. These data cover the 24 months from June 1990 through May 1992. As we mentioned in our last report, issued in February 1992, we visited the three drug units that processed drug TARs to observe how they did so and to determine how they counted the drug TARs they received and processed each month. For the current period, from December 1991 through May 1992, we visited the Los Angeles and Stockton drug units for the same reasons.

We also reviewed the methods the drug units used for measuring the time it takes them to respond to a drug TAR from the time it is received at the drug unit to the time the drug unit returns the completed drug TAR to the provider. In addition, we conducted tests to determine if the Los Angeles and Stockton drug units are processing initial and urgent drug TARs submitted through FAX and VDTS within 24 hours as required by federal law effective July 1, 1991.

In our last report, issued in February 1992, we reported that we conducted tests to determine if the Stockton drug unit was processing initial and urgent drug TARs submitted by VDTS within

24 hours. In our report issued in July 1991, we reported that we conducted tests to determine if the San Francisco and Los Angeles drug units were processing initial and urgent drug TARs submitted by telephone and FAX within 24 hours. Additionally, in our last report, we reported that we contacted four pharmacists who had submitted drug TARs through the U.S. mail to determine if Medi-Cal beneficiaries were still receiving medication despite delays in the drug units' approval of drug TARs.

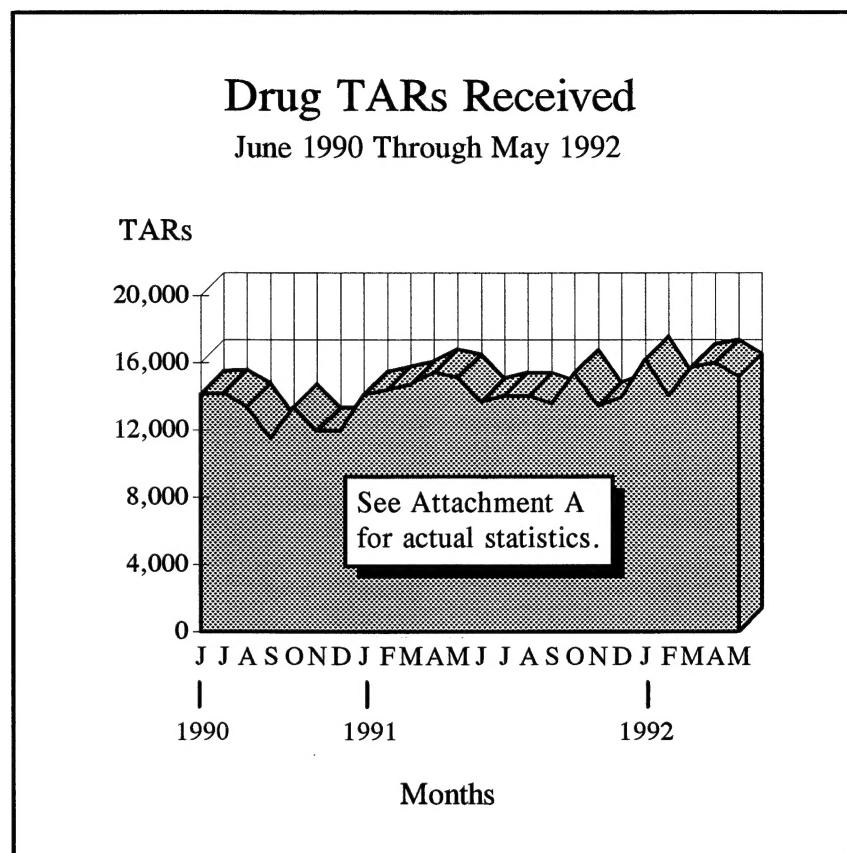
During each of our four reviews, to determine the accuracy and reliability of the monthly statistical reports, we analyzed a judgmental sample of the drug unit records for one month on drug TARs. We did not do enough testing of the department's counting of the drug TARs and compiling of the drug TAR data to assess the overall impact of any errors on the numbers reported here and made no adjustment for errors.

To obtain data on the number of denied drug TARs that have been appealed to the Department of Social Services, we interviewed staff and collected the data for June 1991 through May 1992. Similarly, to obtain data on the number of complaints the department has received about its processing of drug TARs, we interviewed staff and collected the data for June 1991 through May 1992.

In our second report, issued in July 1991, we reported the data that the department collected on the number of denied drug TARs that had been appealed to the Department of Social Services and the data on the number of complaints it had received about its processing of drug TARs for December 1990 through May 1991.

Drug TARs Received

As Figure 1 shows, the number of drug TARs received fluctuated from month to month from June 1990 through May 1992. More specifically, the number of drug TARs received varied from a low of 11,521 during September 1990 to a high of 16,186 during January 1992.

Figure 1

During the first six months of our review, June 1990 through November 1990, the drug units received a total of 78,498 drug TARs. During the second six months, from December 1990 through May 1991, the drug units received a total of 85,632 drug TARs. During the third six months, from June 1991 through November 1991, the drug units received a total of 84,046 drug TARs. During the fourth six months, from December 1991 through May 1992, the drug units received a total of 91,059 drug TARs, an increase of more than 12,500 (16 percent) drug TARs since our first review.

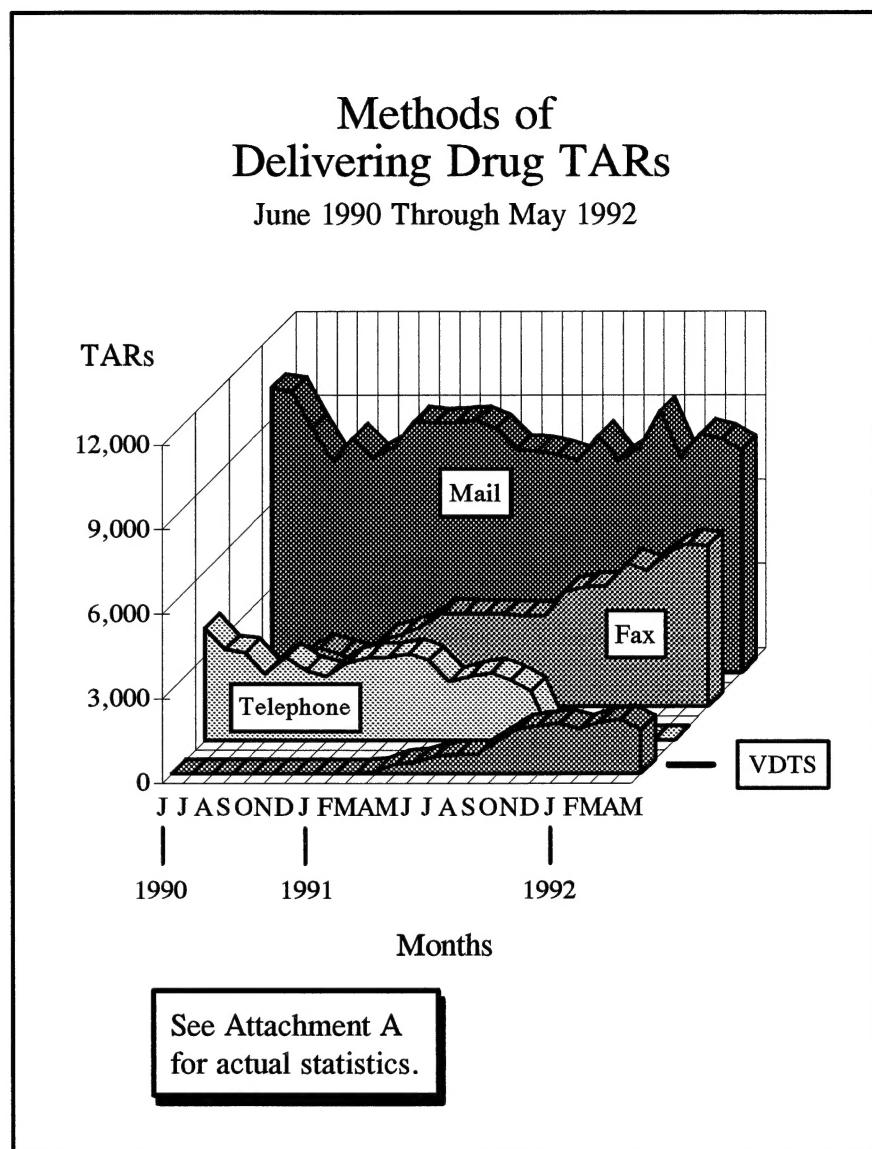
As we mentioned in our February 1992 report, the increase in the number of drug TARs received may have occurred partly because of the increase in the number of Medi-Cal beneficiaries. In

June 1990, the department reported 3,674,158 Medi-Cal beneficiaries. According to the department, by April 1992 the number of Medi-Cal beneficiaries increased to approximately 4,614,500, resulting in 940,342 (25.6 percent) more Medi-Cal beneficiaries eligible to obtain drugs through Medi-Cal. According to the chief of the field services branch, the Omnibus Budget Reconciliation Act of 1986, the Immigration Reform and Control Act of 1986, and the 185 percent and 200 percent federal poverty level programs resulted in new aid categories and more people who were eligible. These new categories and eligible people may have contributed to the increase in the number of Medi-Cal beneficiaries. Attachment A provides more detailed information on the number of drug TARs received each month.

Methods of Submitting Drug TARs

As Figure 2 shows, the methods providers use to submit drug TARs are changing. More drug TARs are being submitted by FAX and VDTS while the number of drug TARs submitted by mail has decreased. Providers submitted 985 drug TARs by FAX during July 1990. In contrast, during May 1992, providers submitted 5,692 drug TARs by FAX, an increase of more than 4,700 (477 percent). For December 1991 through May 1992, the number of drug TARs submitted by FAX increased from 4,279 to 5,692, an increase of approximately 33 percent.

Figure 2 also shows that the number of drug TARs submitted by VDTS has increased. More specifically, providers submitted 63 drug TARs by VDTS during April 1991 compared with 1,561 during May 1992, an increase of almost 1,500. The number of drug TARs submitted through VDTS reached a high of 1,919 in April 1992. In contrast, the number of drug TARs submitted through the mail has decreased. Providers submitted 10,125 drug TARs through the mail during June 1990 compared with 7,891 submitted during May 1992. This represents a decrease of more than 2,200 (22 percent). Finally in November 1991, as we reported in our February 1992 report, the department's drug units discontinued accepting telephone calls directly from providers for the purpose of processing drug TARs.

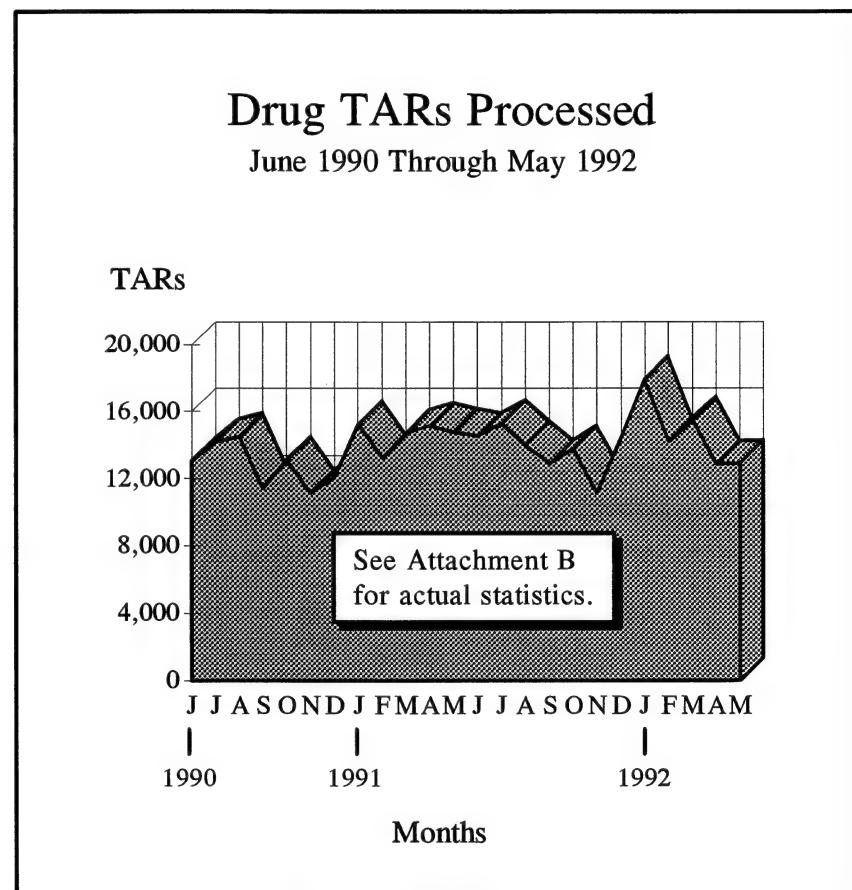
Figure 2

As Attachment A shows, the percentage of drug TARs received by FAX in relation to all drug TARs received increased from 13.9 percent at the end of our first review (December 1990) to 37.6 percent in May 1992. Meanwhile, the percentage of drug TARs delivered by mail decreased from 67 percent in December 1990 to 52.1 percent in May 1992. The percentage of

drug TARs submitted through VDTS has decreased slightly from a high of 12.3 percent in December 1991 to 10.3 percent in May 1992.

Drug TARs Processed

As Figure 3 shows, from June 1990 through May 1992, the number of drug TARs processed at the drug units fluctuated from month to month.

Figure 3

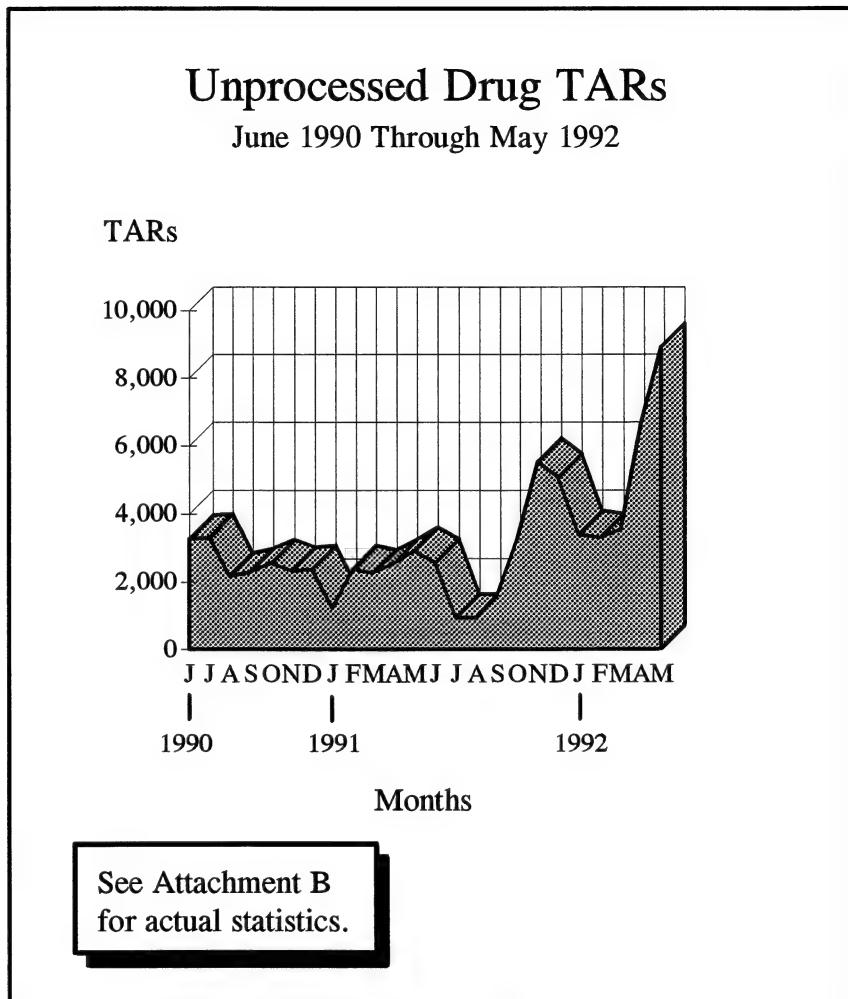
More specifically, the number of drug TARs processed varied from a low of 11,104 in November 1990 to a high of 17,874 in January 1992. During the first six months of our review, June 1990 through November 1990, the drug units processed 77,282 drug TARs. During the second six months, from December 1990 through May 1991, the drug units processed 84,918 drug TARs. During the third six months, from June 1991 through November 1991, the drug units processed 81,510 drug TARs. During the fourth six months, from December 1991 through May 1992, the drug units processed 87,674 drug TARs, an increase of more than 10,400 (13 percent) drug TARs since our first review. However, the percent of TARs processed, in relation to the total number of drug TARs available to be processed, reached a low of 59.2 percent in May 1992. The number of drug TARs available to be processed includes the unprocessed TARs from the previous month as well as those TARs received during the month. Attachment B provides information on the number of drug TARs processed from June 1990 through May 1992. Attachment C provides details on the number of drug TARs approved, modified, denied, and returned by the drug units from June 1990 through May 1992.

As we stated in our last two reports, the addition of the Stockton drug unit may have led to the increase in drug TARs processed. Beginning in March 1991, the Stockton drug unit began processing drug TARs with a staff consisting of a drug unit manager, three pharmaceutical consultants, two medical transcribers, and two office assistants. During April and May 1992, four additional pharmaceutical consultants began work at the Stockton drug unit.

**Backlog of
Unprocessed
Drug TARs**

As Figure 4 shows, the department's monthly backlog of drug TARs fluctuated from month to month from June 1990 to January 1992. However, since February 1992, the number of unprocessed drug TARs has increased each month, from 3,288 in February 1992 to 8,907 at the end of May 1992, an increase of almost 172 percent.

Figure 4



Because the drug units prioritize and process drug TARs submitted by FAX and VDTS within 24 hours, the backlog of drug TARs consists only of those submitted through the mail. With the closure of the San Francisco drug unit on March 31, 1992, the primary responsibility for processing all mail-in drug TARs was transferred to the Stockton drug unit. However, only two of the staff from the San Francisco drug unit transferred to the Stockton drug unit. The San Francisco drug unit staff previously consisted of a drug unit manager, five full-time medical transcribers, and four full-time pharmaceutical consultants. As a result, in part, because

of fewer personnel available to process drug TARs and because the department appropriately places the highest priority on initial and urgent drug TARs submitted by FAX and VDTS, the backlog of mail-in drug TARs has increased.

At the end of May 1992, all of the 8,907 unprocessed mail-in drug TARs were at the Stockton drug unit awaiting processing. This increase in unprocessed drug TARs can be attributed to several factors. First, even before the San Francisco drug unit closed, the Stockton drug unit experienced an increase in the total number of drug TARs received, from 4,203 in December 1991 to 6,103 at the end of March 1992. Second, because of the closure of the San Francisco drug unit and the transfer of responsibilities to the two remaining drug units, the Stockton drug unit experienced an even greater increase in the number of drug TARs received, from 6,103 at the end of March 1992 to 10,964 and 11,307 in April 1992 and May 1992, respectively.

Third, as a result of the Los Angeles drug unit's inability to process FAX drug TARs during the recent civil unrest in Los Angeles, the phone lines to the FAX machines serving Southern California providers were redirected to the Stockton drug unit. Consequently, during a portion of May 1992, the Stockton drug unit assumed primary responsibility for processing all FAX drug TARs. In addition, the Stockton drug unit assumed primary responsibility for processing drug TARs received through VDTS for a portion of May 1992 while 2 of the 3 pharmaceutical consultants at the Los Angeles drug unit were on vacation. Finally, the number of personnel available to process drug TARs at the Stockton drug unit remained unchanged until April 1992 when the number of pharmaceutical consultants increased by three—two of whom were formerly assigned to the San Francisco drug unit.

On May 27, 1992, another pharmaceutical consultant began work at the Stockton drug unit, and two additional office assistants were scheduled to begin work in June 1992. According to the Stockton drug unit manager, with the increase in the number of staff available to process drug TARs, he expects the backlog of unprocessed drug TARs to gradually decrease.

**Disagreements
Over Processing
Time for Drug
TARs**

Section 14103.6 of the Welfare and Institutions Code requires that pharmaceutical consultants process drug TARs in an average of five working days. Additionally, this section states that, if the pharmaceutical consultant does not make a decision on a drug TAR within 30 days of receiving the TAR, the request shall be considered approved.

Additionally, Section 1927(d)(5) of the federal Social Security Act of 1990 requires states to respond to all drug TARs within 24 hours of receipt. The Federal Department of Health and Human Services' Health Care Financing Administration (HCFA) upholds this position, regardless of whether the TAR is for an initial or urgent prescription or for reauthorization of an existing prescription and regardless of how the drug TARs are delivered to the department.

Although these two laws seem to conflict in their requirements, we reported in our last report that the federal government was expected to issue, in April 1992, regulations to resolve the difference. However, according to a Medicaid bureau chief at the HCFA, as of June 2, 1992, these regulations were still being cleared in the federal Department of Health and Human Services. The Medicaid bureau chief further stated that these regulations will be published in the Federal Register after all necessary clearances have been obtained. However, no estimated publication date was provided.

As we reported in our second report, issued in July 1991, we found the drug units were processing initial and urgent drug TARs submitted through telephone and FAX within 24 hours as required by law. Further, as we mentioned in our February 1992 report, we reviewed a sample of 53 drug TARs submitted through VDTS to the Stockton drug unit. We found that 52 of the 53 drug TARs were processed within 24 hours as required. Additionally, during this audit, we reviewed a sample of 19 drug TARs submitted through VDTS and 38 drug TARs submitted through FAX at the Los Angeles drug unit during April 1992. We found that all these drug TARs were processed within 24 hours.

In addition, during this audit, we reviewed a sample of 54 drug TARs submitted through VDTS during February 1992 and 43 drug TARs submitted through FAX during November 1991 to the Stockton drug unit. All 54 of the VDTS drug TARs were processed within 24 hours. For 4 of the 43 FAX drug TARs, we were unable to determine either the date received or the date returned. However, the remaining 39 FAX drug TARs were processed within 24 hours.

**Processing
Time for
Mailed-In Drug
TARs**

In our last report we noted that, during November 1991, all three drug units reported processing their mail-in drug TARs in an average of more than the five working days required by state law. The following table shows the average time each unit took to process mailed drug TARs from December 1990 through May 1992.

**Average Time for Processing Mailed Drug
Treatment Authorization Requests at Each Drug Unit, in Days
December 1990 Through May 1992**

		Los Angeles	San Francisco	Stockton
1990:	December	15	5	-
1991:	January	8	4	-
	February	9	6	-
	March	16	4	-
	April	14	8	-
	May	9	7	6 ^a
	June	5	6	8 ^a
	July	3	6	15 ^a
	August	3	8	7 ^a
	September	3	7	6 ^a
	October	7	12	11 ^a
	November	14	22	15 ^a
	December	28	11	12
1992:	January	13	4	8
	February	8	4	12
	March	2	3	17
	April	-	-	17
	May	-	-	25

Source: Department of Health Services

^aBefore December 1991, the Stockton drug unit reported only the average time for processing mailed drug TARs for drug TARs originally submitted to the Los Angeles drug unit and subsequently sent to the Stockton drug unit for processing. These numbers do not include the average processing time for mailed drug TARs the Stockton drug unit received and processed directly.

As the table shows, effective April 1, 1992, the Los Angeles drug unit discontinued accepting mailed-in drug TARs. Also, the San Francisco drug unit closed on March 31, 1992, and the responsibility for processing all mailed-in drug TARs was transferred to the Stockton drug unit. As a result, for the months of April and May 1992, the Stockton drug unit was the only unit reporting a processing time for mailed-in drug TARs. In May 1992, the Stockton drug unit reported that it took an average of 25 working days to process mailed-in drug TARs, up from 6 working days in May 1991 and 15 working days in November 1991. According to the department, drug TARs submitted by mail (generally renewals or retroactive approvals) are not as urgent as drug TARs submitted through VDTS and FAX (restricted to initial supplies of prescribed drugs and urgently needed drugs). The increase in the Stockton drug unit's processing time is a result of the increase in the backlog of unprocessed mail-in drug TARs. A discussion of the factors leading to the increase in unprocessed drug TARs is on page 13 of this report.

Information on Drug TAR Fair Hearings and Complaints

For all denied drug TARs, Section 14105.42 of the Welfare and Institutions Code requires the department to report to the Legislature the number of fair hearings requested, approved, denied, and pending. This code section also requires the department to report to the Legislature the number of complaints beneficiaries and providers make regarding the difficulty or inability of obtaining a response to a drug TAR.

The department provided us with information about fair hearing requests related to denied drug TARs. Beneficiaries request fair hearings through the Department of Social Services to appeal drug TAR requests the drug units deny. From December 1990 through May 1991, the department received only two requests for fair hearings. We discuss the nature and resolution of these two fair hearing requests in our second report, issued in July 1991. According to information the department provided, from June 1991 through May 1992, it received ten requests for fair hearings. Three of the ten requests were withdrawn before the cases

were heard. The remaining seven cases were heard before an administrative law judge. Three of these cases were denied, two cases were dismissed, and the remaining two cases are awaiting resolution.

In at least two cases, the beneficiaries were appealing the department's denial of drug TAR requests for nutritional supplements, such as Ensure Plus. The drug units denied both drug TARs because the patients were residents in either a skilled nursing or an intermediate care facility. According to the department, the dietary needs of the patients are already paid for by Medi-Cal as a part of the room and board per diem rate to these facilities.

In a case that was withdrawn, the beneficiary was appealing the department's denial of a drug TAR request for payment of a particular prescription drug. According to the department, the drug TAR was denied because there was a previously approved drug TAR for the same quantity of the same drug issued to the same provider. Moreover, the previous drug TAR was still valid at the time of submission of the drug TAR in question. Apparently, there was confusion on the part of the provider because the physician's office assigned an incorrect provider number to the drug TAR form. The error was subsequently corrected, and the provider was notified of the correction.

During the same period, June 1991 through May 1992, the department reported that it did not receive any complaints from beneficiaries or providers regarding the difficulty or inability of obtaining a response to a drug TAR.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this letter report.

Respectfully submitted,



KURT R. SJOBERG
Auditor General (acting)

Staff: Steven M. Hendrickson, Audit Manager
Deborah L. D'Ewart

Attachments

- A** Drug Treatment Authorization Requests Received by Means of Delivery
June 1990 Through May 1992
- B** Drug Treatment Authorization Requests Processed
June 1990 Through May 1992
- C** Drug Treatment Authorization Requests Approved, Modified, Denied, and Returned
June 1990 Through May 1992

Response to the Audit

Health and Welfare Agency
Department of Health Services

**Attachment A Drug Treatment Authorization Requests Received
by Means of Delivery
June 1990 Through May 1992**

		Telephone	FAX	Mail	VDTs	Monthly Total
1990:	June	3,989 28.3%	--	10,125 71.7%	--	14,114
	July	3,225 22.7%	985 6.9%	9,990 70.4%	--	14,200
	August	3,126 23.4%	1,561 11.7%	8,679 64.9%	--	13,366
	September	2,358 20.5%	1,646 14.3%	7,517 65.2%	--	11,521
	October	2,955 22.1%	2,064 15.5%	8,340 62.4%	--	13,359
	November	2,483 20.8%	1,849 15.5%	7,606 63.7%	--	11,938
	December	2,282 19.1%	1,661 13.9%	8,009 67.0%	--	11,952
	January	2,748 19.5%	2,379 16.9%	8,951 63.6%	--	14,078
	February	2,934 20.4%	2,570 17.9%	8,865 61.7%	--	14,369
	March	2,966 20.2%	2,816 19.2%	8,912 60.7%	--	14,694
	April	3,075 20.0%	3,310 21.5%	8,967 58.2%	63 0.4%	15,415
	May	2,835 18.8%	3,293 21.8%	8,658 57.3%	338 2.2%	15,124
1991:	June	2,083 15.2%	3,274 23.9%	7,922 57.9%	399 2.9%	13,678
	July	2,277 16.2%	3,283 23.4%	7,879 56.1%	602 4.3%	14,041
	August	2,396 17.1%	3,214 23.0%	7,718 55.1%	678 4.8%	14,006
	September	2,129 15.7%	3,234 23.9%	7,490 55.3%	688 5.1%	13,541
	October	1,741 11.3%	4,077 26.5%	8,417 54.8%	1,129 7.4%	15,364
	November	86 0.6%	4,233 31.6%	7,519 56.1%	1,578 11.8%	13,416
	December	0	4,279 30.7%	7,952 57.1%	1,707 12.3%	13,938
	January	0	5,087 31.4%	9,311 57.5%	1,788 11.1%	16,186
	February	0	4,814 34.2%	7,658 54.4%	1,603 11.4%	14,075
	March	0	5,414 34.5%	8,488 54.0%	1,814 11.5%	15,716
	April	0	5,771 36.1%	8,310 51.9%	1,919 12.0%	16,000
	May	0	5,692 37.6%	7,891 52.1%	1,561 10.3%	15,144

Source: Department of Health Services

Note: Total percentages do not always add up to 100 percent because of rounding.

**Attachment B Drug Treatment Authorization Requests Processed
June 1990 Through May 1992**

		Unprocessed TARs at Beginning of Month	TARs Received During Month	Total Available To Be Processed	Total Processed During Month	Unprocessed TARs	Percent of TARs Processed
1990:	June	2,160	14,114	16,274	13,015	3,259	80.0%
	July	3,259	14,200	17,459	14,164	3,295	81.1
	August	3,295	13,366	16,661	14,502	2,159	87.0
	September	2,159	11,521	13,680	11,394	2,286	83.3
	October	2,286	13,359	15,645	13,103	2,542 ^a	83.8
	November	1,477 ^a	11,938	13,415	11,104	2,311	82.8
	December	2,311	11,952	14,263	11,897	2,366	83.4
	1991:	January	2,366	14,078	16,444	15,242	1,202
	February	1,202	14,369	15,571	13,206	2,365	84.8
	March	2,365	14,694	17,059	14,695	2,244	86.1
	April	2,244	15,415	17,659	15,115	2,544	85.6
	May	2,544	15,124	17,668	14,763	2,905 ^b	83.6
	June	3,395 ^b	13,678	17,073	14,522	2,551 ^c	85.1
	July	2,142 ^c	14,041	16,183	15,253	930	94.3
	August	930	14,006	14,936	13,983	953	93.6
	September	953	13,541	14,494	12,876	1,618	88.8
	October	1,618	15,364	16,982	13,746	3,236	80.9
	November	3,236	13,416	16,652	11,130	5,522	66.8
	December	5,522	13,938	19,460	14,385	5,075	73.9
1992:	January	5,075	16,186	21,261	17,874	3,387	84.1
	February	3,387	14,075	17,462	14,174	3,288	81.2
	March	3,288	15,716	19,004	15,478	3,526	81.5
	April	3,526	16,000	19,526	12,848	6,678	65.8
	May	6,678	15,144	21,830	12,915	8,907	59.2

Source: Department of Health Services

^aThe number of unprocessed drug TARs at the end of October 1990 does not agree with the number of unprocessed drug TARs at the beginning of November 1990. The manager of the San Francisco drug unit stated that unit staff did a hand count of the actual unprocessed drug TARs at the end of October 1990 and found the unit's accounting records overstated by 1,065 the number of unprocessed drug TARs for the end of the month. Because of this finding, unit staff adjusted the number of unprocessed drug TARs reported at the beginning of November.

^bThe number of unprocessed drug TARs at the end of May 1991 does not agree with the number of unprocessed drug TARs at the beginning of June 1991. According to the Los Angeles drug unit manager, the lack of agreement partly occurred because of discrepancies in the counting of mail-in drug TARs sent to the Stockton drug unit. Additionally, according to the Stockton drug unit manager, the unprocessed drug TARs reported for the Stockton drug unit during these periods do not reconcile primarily because of discrepancies in the counting of mail-in drug TARs sent from the San Francisco drug unit.

^cThe number of unprocessed drug TARs at the end of June 1991 does not agree with the number of unprocessed drug TARs at the beginning of July 1991. This occurred primarily because both the Stockton and San Francisco drug units changed their methods for reporting drug TAR statistics beginning in July 1991 without reconciling the ending June total with the beginning July total.

Attachment C

**Drug Treatment Authorization Requests
Approved, Modified, Denied, and Returned
June 1990 Through May 1992**

		Approved	Modified	Denied	Returned	Total Processed
1990:	June	9,350	2,001	1,226	438	13,015
	July	9,169	2,008	1,361	1,626	14,164
	August	8,980	2,650	2,045	827	14,502
	September	7,222	1,847	1,565	760	11,394
	October	8,377	2,215	1,698	813	13,103
	November	7,033	1,811	1,455	805	11,104
	December	7,800	1,989	1,385	723	11,897
	January	8,994	3,457	1,667	1,124	15,242
	February	8,322	2,533	1,536	815	13,206
	March	9,810	2,308	1,741	836	14,695
	April	9,490	2,940	1,697	988	15,115
	May	9,530	2,531	1,864	838	14,763
1991:	June	9,101	2,695	2,066	660	14,522
	July	9,698	2,988	2,099	468	15,253
	August	9,072	2,758	1,748	405	13,983
	September	8,148	2,759	1,582	387	12,876
	October	8,687	3,129	1,558	372	13,746
	November	7,399	2,365	1,062	304	11,130
	December	9,881	2,281	1,854	369	14,385
	January	12,628	2,689	1,975	582	17,874
	February	10,423	1,698	1,691	362	14,174
	March	10,915	2,190	1,976	397	15,478
	April	9,151	1,948	1,489	260	12,848
	May	9,777	1,713	1,078	347	12,915

Source: Department of Health Services

An *approved* drug TAR has been accepted by the Department of Health Services' field office as submitted.

A *denied* drug TAR has been rejected as submitted.

A *modified* drug TAR has been changed by the field office in some way and then approved. Changes could include a change in the quantity of the drug requested, a change in the time for which the drug is approved, or the denial of or change to one drug request on a drug TAR with several requests.

A *returned* drug TAR lacks sufficient information for the field office to make a decision. The field office returns the drug TAR to the provider for clarification.

DEPARTMENT OF HEALTH SERVICES

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July 15, 1992

Mr. Kurt R. Sjoberg
Auditor General (Acting)
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:

I have reviewed your draft report, "Statistical Information on Drug Treatment Authorization Requests", and would like to take this opportunity to thank your staff for their work. The statistical details appear to be consistent with those produced by the Department.

I would also like to advise that the Department has taken several steps to reduce backlogs created by the increased volume of Treatment Authorization Requests, including staff overtime and the hiring of new pharmacy consultant staff. I am pleased to report that backlog numbers continue to decline and that the improvement should continue for the foreseeable future.

Thank you for the opportunity to review this report.

Sincerely,



A handwritten signature in black ink, appearing to read "John Rodger" above "Coye". Below the signature, the name "Molly Joel Coye, M.D., M.P.H." is printed in a smaller font, followed by "Director".

cc: Mr. Russell S. Gould
Secretary
Health and Welfare Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814